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Honorable Michelle L. Peterson

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT TACOMA

Wykanush Ventures, LLC, an Oregon limited liability company; and TCAIXP LLC, d/b/a Eden, an Oregon limited liability company.

Plaintiffs.

V.

Karstan Walker, a/k/a Karstan Yauchzee, a married person and Kristopher Walker, a/k/a Chris Walker, a married person, and their marital community and Ronald Yauchzee.

Defendants.

Case No. 3:21-cv-05710-DGE-MLP

DECLARATION OF LASZLO BAGI
IN SUPPORT OF PLAINTIFFS'
MOTION FOR DEFAULT
JUDGMENT

J. Laszlo Bagi, declare and state as follows:

1. I am a member and the manager of Wykanush Ventures, LLC, an Oregon limited liability company (“Wykanush”) and the manager of TCAIXP LLC dba Eden, an Oregon limited liability company (“Eden” and together with Wykanush referred to as the “Companies”). I am over the age of 18 and I make this declaration based upon my own personal knowledge.

2. Wykanush operates two Oregon Liquor and Cannabis Commission

1 (“OLCC”) licensed recreational marijuana production facilities in Oregon.

2 3. Eden operates two OLCC licensed recreational marijuana retail stores in
3 Oregon.

4 4. As the Companies continued to expand, I realized a single person was
5 needed to focus on and keep track of the Companies’ finances.

6 5. In late April or early May 2019, I spoke with Karstan Walker (“Karstan”)
7 regarding the open controller position for the Companies. During my conversations with
8 Karstan, she told me that she was an experienced bookkeeper who was familiar with
9 general accounting principles and proficient at using QuickBooks, keeping cash ledgers,
10 and issuing payroll.

11 6. On or around May 5, 2019, I hired Karstan Walker (“Karstan”) as a 1099
12 contractor to serve as the Companies’ controller. Wykanush agreed to pay Karstan \$2,000
13 biweekly, for the total of \$52,000 per year, for her services as the Companies’ controller.

15 7. During Karstan’s time working for Wykanush, I noticed that she
16 purchased a home, remodeled her home, made large purchases such as cars, and
17 expensive vacations. Karstan had previously told me that her husband’s yearly salary had
18 been reduced to \$75,000. I discussed her upcoming vacation to Hawaii with Karstan,
19 including the cost, because my wife and I were considering taking a vacation to Hawaii.
20 Karstan told me about the general cost for her vacation and, notably, stated that she had
21 previously received a sizable inheritance from her grandfather. True and correct copies
22 of Facebook posts from Defendant Kris Walker (“Kris”), Karstan’s husband, that I
23 printed from his Facebook page related to a home remodel, out-of-state sporting event,
24 and vacation in Hawaii are attached hereto and incorporated herein as Exhibit 3.

26 8. After Karstan quit, I discovered an email from Karstan’s Wykanush email

1 account to a mortgage company with a forged W-2 from Wykanush for Karstan attached
2 to the email. The W-2 appeared to have been issued to Karstan from Wykanush; however,
3 the W-2 was not issued by Wykanush. Karstan was a 1099 contractor – not an employee
4 – and was paid \$1,000 per week totaling only \$52,000 for an entire year. At the end of
5 2019, Karstan had only worked for Wykanush for 32 weeks, from May 5, 2019 through
6 December 31, 2019. Wykanush’s payments to Karstan for her contract work in 2019
7 should only total \$32,000. A true and correct copy of the forged W-2 is attached hereto
8 and incorporated herein as Exhibit 4.

9. As the Companies’ controller, Karstan was responsible for the following:
10 maintaining the Companies’ financial records in QuickBooks; receiving, depositing,
11 recording, and tracking the Companies’ revenue; and ensuring the Companies’ bills were
12 paid including rent, utilities, payroll, federal and state taxes, vendors, suppliers, and other
13 operating expenses.

14. From May 5, 2019 through October 1, 2020, Karstan was responsible for
15 collecting all of Wykanush’s receivables. Karstan quit on October 1, 2020, after being
16 questioned about missing bill payments, rent payments, cash deposits, and checks
17 bouncing from the Wykanush bank account.

18. On August 16, 2019, Wykanush opened a bank account with Marion and
19 Polk Schools Credit Union (“MAPS”) after it completed the lengthy application process.
20 Prior to August 16, 2019, Wykanush operated as a cash only business. After opening the
21 MAPS account, I intended for Wykanush to pay all of its bills, rent, and payroll out of its
22 MAPS account rather than using cash and I communicated this to Karstan. The only
23 people authorized to withdraw money from Wykanush’s MAPS account and authorized
24

1 signors on Wykanush's MAPS account from August 2019 through September 2020 were
2 Karstan, myself, and Matthew Hanna, Wykanush's in-house counsel at the time.

3 12. From August 16, 2019 through July 3, 2020, Wykanush used its MAPS
4 account more and cash less to pay its bills, rent, and payroll. After July 3, 2020,
5 Wykanush no longer kept cash-on-hand (petty cash). A true and correct copy of
6 Wykanush's QuickBooks records relating to petty cash from May 2019 through July 2020
7 (the "Petty Cash Records") are attached hereto and incorporated herein as Exhibit 5.
8

9 13. Karstan was the sole person responsible for maintaining the Petty Cash
10 Records beginning in May 2019. The Petty Cash Records have not been altered since
11 Karstan quit on October 1, 2020.

12 14. To the best of my knowledge, MAPS is the only Oregon bank that allows
13 OLCC licensed marijuana businesses to open bank accounts. MAPS monitors all OLCC
14 licensed bank accounts heavily and with strict scrutiny. To allow MAPS to scrutinize
15 each payment and deposit, MAPS requires all of its OLCC licensed account holders to
16 provide it with monthly Profit and Loss Statements, monthly Balance Sheets, and reports
17 from the Marijuana Enforcement Tracking Reporting Compliance program ("METRC")
18 utilized by OLCC to track marijuana transfers from seed-to-sale. If MAPS finds a
19 discrepancy in the deposits, checks, or financial statements, a MAPS employee will ask
20 for an explanation and clarification regarding the discrepancy. If there are unexplained
21 discrepancies or a business issues a number of bad checks, MAPS may close the account.
22

23 15. It is my understanding that once MAPS closes the account of an OLCC
24 licensed business due to unexplained discrepancies or issuing bad checks, MAPS will not
25 allow that same OLCC licensed business to open a new account at MAPS.
26

1 16. True and correct copies of Wykanush's MAPS' monthly account
2 statements from August 2019 through September 2020 are attached hereto and
3 incorporated herein as Exhibits 6-19, referenced individually below.

4 a. Exhibit 6: Wykanush MAPS statement for August 2019;
5 b. Exhibit 7: Wykanush MAPS statement for September 2019;
6 c. Exhibit 8: Wykanush MAPS statement for October 2019;
7 d. Exhibit 9: Wykanush MAPS statement for November 2019;
8 e. Exhibit 10: Wykanush MAPS statement for December 2019;
9 f. Exhibit 11: Wykanush MAPS statement for January 2020;
10 g. Exhibit 12: Wykanush MAPS statement for February 2020;
11 h. Exhibit 13: Wykanush MAPS statement for March 2020;
12 i. Exhibit 14: Wykanush MAPS statement for April 2020;
13 j. Exhibit 15: Wykanush MAPS statement for May 2020;
14 k. Exhibit 16: Wykanush MAPS statement for June 2020;
15 l. Exhibit 17: Wykanush MAPS statement for July 2020;
16 m. Exhibit 18: Wykanush MAPS statement for August 2020; and
17 n. Exhibit 19: Wykanush MAPS statement for September 2020.

18 17. Karstan reported Wykanush's monthly Profit & Loss Statements and
19 Balance Sheets to MAPS from August 2019 through June 2020. Wykanush's July 2020,
20 August 2020, and September 2020 Profit & Loss Statements and Balance Sheets were
21 reported to MAPS using the QuickBooks account that Karstan maintained for Wykanush
22 through October 1, 2020. True and correct copies of Wykanush's monthly Profit & Loss
23 Statements reported to MAPS from January through March 2020 and August through
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September 2020 are attached hereto and incorporated herein as Exhibits 20-24, referenced individually below.

- a. Exhibit 20: Wykanush's January 2020 Profit & Loss Statement;
- b. Exhibit 21: Wykanush's February 2020 Profit & Loss Statement;
- c. Exhibit 22: Wykanush's March 2020 Profit & Loss Statement;
- d. Exhibit 23: Wykanush's August 2020 Profit & Loss Statement; and
- e. Exhibit 24: Wykanush's September 2020 Profit & Loss Statement.

18. In the summer of 2019, Karstan changed the initial Wykanush contact to herself with the Landlord, Portland General Electric, and MAPS.

19. Because the Companies were repeatedly bouncing checks and financial discrepancies were discovered, which could only be explained by diversion, MAPS closed the Companies' accounts.

20. Wykanush leases property from TKM Investment Properties, LLC, an Oregon limited liability company (the "Landlord") pursuant to a commercial lease agreement (the "Lease"). Pursuant to the Lease, Wykanush leases one of Landlord's commercial properties for \$26,874.65 per month in rent.

21. In August 2019, Boverman & Associates, LLC was appointed as the receiver of Landlord's assets (the "Receiver"). Daniel Boverman ("Mr. Boverman") is Wykanush's main contact regarding rental payments to Landlord through the Receiver.

22. Karstan was the main Wykanush contact with the Receiver regarding Wykanush's monthly rental payments due under the Lease until she quit on October 1, 2020.

23. In or around February 2020 or March 2020, Mr. Boverman contacted me

1 because Wykanush was behind five months of rent payments due under the Lease. I was
2 shocked to learn that Wykanush had not paid rent in five months. Immediately after
3 speaking with Mr. Boverman, I confronted Karstan about the rent arrears. At that time,
4 Karstan told me the Landlord must have made a mistake and that she would contact Mr.
5 Boverman to “take care of it.”

6 24. Around that same time in March 2020, Karstan provided me a blurry
7 printed copy of a cashier’s check dated February 21, 2020 to the Landlord for \$20,000
8 (the “Cashier’s Check”). A true and correct copy of the Cashier’s Check is attached hereto
9 and incorporated herein as Exhibit 25. I later learned that Karstan forged the Cashier’s
10 check and that a \$20,000 cashier’s check was never issued to Landlord or any other
11 person/entity on or around February 21, 2020. True and correct copies of all cashier’s
12 checks issued from the Wykanush account are attached hereto and incorporated herein as
13 Exhibit 26. Instead, Karstan withdrew \$20,003 from Wykanush’s MAPS account on
14 February 21, 2020, without my knowledge or consent, and absconded with the \$20,003.
15 A true and correct copy of the withdrawal slip is attached hereto and incorporated herein
16 as Exhibit 27.

17 25. Mr. Boverman again reached out to me on or around June 1, 2020
18 regarding Wykanush’s failure to pay rent for over 6 months. I immediately reached out
19 to Karstan regarding rental payments and asked for evidence of the payments. On June 3,
20 2020, Karstan forwarded to me an email that appeared to be from MAPS confirming a
21 wire transfer to Landlord on June 1, 2020. I later learned that she fabricated the alleged
22 email from MAPS after reviewing all of the bank records and not finding any evidence
23 of a wire transfer to Landlord on June 1, 2020. A true and correct copy of the June 3,
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1 2020 email I received from Karstan with forged information regarding an outgoing wire
 2 transfer to the Landlord is attached hereto and incorporated herein as Exhibit 28. A true
 3 and correct copy of Wykanush's only wire transfer on June 1, 2020, to Columbia River
 4 Basin, is attached hereto and incorporated herein as Exhibit 29.

5 26. On June 4, 2020, Mr. Boverman copied me on an email with Karstan going
 6 over the Wykanush rent that remained unpaid. Shortly after Mr. Boverman's June 4, 2020
 7 email, Karstan told me she and Mr. Boverman had figured out the rental payments.
 8 Karstan then sent me two emails purporting to be payments to the Landlord. I later learned
 9 that Karstan continued to lie to Mr. Boverman and, on July 15, 2020, Karstan even forged
 10 a wire transfer request that indicated Wykanush had initiated a wire transfer to Landlord
 11 on July 14, 2020 when no such wire transfer request had been submitted or initiated. A
 12 true and correct copy of the July 15, 2020 email from Karstan to Mr. Boverman with the
 13 forged wire transfer request is attached hereto and incorporated herein as Exhibit 30.

14 27. True and correct copies of all rent check payments issued to the Landlord
 15 that were reversed due to insufficient funds are attached hereto and incorporated herein
 16 as Exhibit 31. Karstan issued all of the checks contained in Exhibit 31.

17 28. In October 2020, after numerous checks issued from the Wykanush MAPS
 18 account had bounced, I discovered Karstan had not paid the Receiver and I contacted Mr.
 19 Boverman to discuss bringing the rent due under the Lease current.

20 29. The real property leased by Wykanush receives electricity from Portland
 21 General Electric ("PGE").

22 30. On June 21, 2019, Karstan withdrew \$8,924.99 from Wykanush's petty
 23 cash, purportedly to pay PGE. However, instead, Karstan retained and absconded with

the \$8,924.99, without my knowledge or permission, and never paid PGE the \$8,924.99.

31. On November 29, 2019, Karstan withdrew \$65,000 from Wykanush's petty cash, purportedly to pay PGE. However, instead, Karstan retained and absconded with the \$65,000, without my knowledge or permission, and never paid PGE the \$65,000.

32. On December 19, 2019, Karstan withdrew \$6,000 from Wykanush's petty cash, purportedly to pay PGE. However, instead, Karstan retained and absconded with \$3,000, without my knowledge or permission, and never paid PGE \$3,000.

33. In October 2020, I learned that PGE had not been paid for numerous months in early 2020 and, as a result, Wykanush was delinquent in payments to PGE in the amount of \$76,833.54. A true and correct copy of a letter and spreadsheet I received from PGE in October 2020, evidencing all PGE charges and Wykanush payments on Wykanush's PGE account, is attached hereto and incorporated herein as Exhibit 32.

34. After contacting PGE, I learned that due to a moratorium on shutting off electricity during the pandemic, PGE had not been able to turn off the power due to nonpayment. However, since the moratorium was ending, PGE warned Wykanush that it would be turning off the power due to non-payment.

35. I was surprised to learn PGE had not been paid and was so far behind because Karstan had recently told me that all of the utilities were current and, a few months earlier, Karstan told me that all of the PGE payments were current.

36. In January 2020, Karstan mentioned to me that her father, Ronald Yauchzee (“Ronald”), was having extensive dental work done by a business partner of mine, Kyle Daniels (“Dr. Daniels”) in Colorado.

37. On February 20, 2020, Karstan used the Wykanush debit card, without

1 Wykanush or my consent or approval, to pay Ronald's dental bill in the amount of \$2,500
2 to Kyle Daniels DDS.

3 38. After discovering the \$2,500 payment to Dr. Daniels in Wykanush's
4 MAPS account statement for February 2020, I contacted Dr. Daniels regarding the
5 \$2,500. Dr. Daniels confirmed that \$2,500 had been credited towards Ronald's account
6 balance owed to Kyle Daniels DDS and sent me an image of the \$2,500 payment made
7 for Ronald on his account. A true and correct copy of the image I received from Dr.
8 Daniels evidencing Ronald's \$2,500 payment for dental work is attached hereto and
9 incorporated herein as Exhibit 33.

10 39. As a result of Karstan's theft, Wykanush issued 141 bad checks that were
11 returned due to insufficient funds. Some of the checks returned due to insufficient funds
12 appear to have been issued purposefully by Karstan to allow her to provide true copies of
13 checks to me and to creditors as purported evidence the checks had been issued and
14 "cashed." As a result of the 141 checks returned due to insufficient funds, Wykanush had
15 to pay \$3,131 in return check fees and \$868 in overdraft fees to MAPS.
16

17 40. On October 5, 2019, without my knowledge or consent, Karstan
18 absconded with \$4,214.35 from Wykanush's petty cash, indicating it was a
19 reimbursement for alleged purchases for Wykanush's production facilities. However,
20 Karstan rarely visited the production facilities and, because she is not a grower, she would
21 not know what to purchase from Bloom Garden Supply for the production facilities.
22

23 41. On November 5, 2019, without my knowledge or consent, Karstan issued
24 a \$2,500 payment to herself claiming it was a vendor payment. A true and correct copy
25 of the check dated November 5, 2019, issued to Karstan from Wykanush is attached
26

1 hereto and incorporated herein as Exhibit 34.

2 42. On November 12, 2019, without my knowledge or consent, Karstan issued
3 a \$2,500 payment to herself claiming it was a reimbursement. A true and correct copy of
4 the check dated November 12, 2019, issued to Karstan from Wykanush is attached hereto
5 and incorporated herein as Exhibit 35.

6 43. On February 27, 2020, without my knowledge or consent, Karstan issued
7 a \$6,000 payment to herself for her salary, which is \$4,000 more than her bi-weekly
8 compensation. A true and correct copy of the check dated February 27, 2020, issued to
9 Karstan from Wykanush is attached hereto and incorporated herein as Exhibit 36.

10 44. On May 15, 2020, without my knowledge or consent, Karstan issued a
11 \$3,000 payment to herself for her salary, which is \$1,000 more than her bi-weekly
12 compensation. A true and correct copy of the check dated May 15, 2020, issued to Karstan
13 from Wykanush is attached hereto and incorporated herein as Exhibit 37.

14 45. On July 2, 2020, without my knowledge or consent, Karstan issued a
15 \$8,000 payment to herself for her salary, which is \$6,000 more than her bi-weekly
16 compensation. A true and correct copy of the check dated July 2, 2020, issued to Karstan
17 from Wykanush is attached hereto and incorporated herein as Exhibit 38.

18 46. On November 27, 2019, without my knowledge or consent, Karstan
19 withdrew \$3,000 cash from Wykanush's MAPS account and absconded with the funds.

20 47. On December 5, 2019, without my knowledge or consent, Karstan
21 withdrew \$5,000 cash from Wykanush's MAPS account and absconded with the funds.

22 48. On January 16, 2020, without my knowledge or consent, Karstan
23 withdrew \$15,000 cash from Wykanush's MAPS account and absconded with the funds.

1 49. On February 6, 2020, without my knowledge or consent, Karstan
2 withdrew \$3,000 cash from Wykanush's MAPS account and absconded with the funds.

3 50. On September 24, 2020, without my knowledge or consent, Karstan
4 withdrew \$1,000 cash from Wykanush's MAPS account and absconded with the funds.

5 51. On October 29, 2019, Karstan issued a check to a Wykanush employee,
6 Andrew Hofmeister for his bi-weekly salary in the amount of \$1,231.44. However,
7 without my knowledge or consent, Karstan also claimed in the Petty Cash Records that
8 she paid Andrew Hofmeister in cash on October 29, 2019, which I understand he did not
9 receive. A true and correct copy of the October 29, 2019 check to Andrew Hofmeister is
10 attached hereto and incorporated herein as Exhibit 39.

12 52. On December 20, 2019, Wykanush issued a check to its employee, Julian
13 Emanuel, for his bi-weekly salary in the amount of \$724.09. However, without my
14 knowledge or consent, Karstan also claimed in the Petty Cash Records that she paid Julian
15 Emanuel in cash on December 20, 2019, which I understand he did not receive. A true
16 and correct copy of the December 20, 2019, check to Julian Emanuel is attached hereto
17 and incorporated herein as Exhibit 40.

19 53. On December 20, 2019, Wykanush issued a check to its employee, Paige
20 Powers, for her bi-weekly salary in the amount of \$1,496.08. However, without my
21 knowledge or consent, Karstan also claimed in the Petty Cash Records that she paid Paige
22 Powers in cash on December 20, 2019, which I understand she did not receive. A true
23 and correct copy of the December 20, 2019, check to Paige Powers is attached hereto and
24 incorporated herein as Exhibit 41.

26 54. On December 20, 2019, Wykanush issued a check to its employee,

1 Christopher Wyble, for his bi-weekly salary in the amount of \$791.88. However, without
2 my knowledge or consent, Karstan also claimed in the Petty Cash Records that she paid
3 Christopher Wyble in cash on December 20, 2019, which I understand he did not receive.
4 A true and correct copy of the December 20, 2019, check to Christopher Wyble is
5 attached hereto and incorporated herein as Exhibit 42.

6 55. On May 8, 2020, Karstan issued a check to a Wykanush employee, Paige
7 Powers, for her bi-weekly salary in the amount of \$1,503.04. However, without my
8 knowledge or consent, Karstan also claimed in the Petty Cash Records that she paid Paige
9 Powers in cash on May 8, 2020, which I understand she did not receive. A true and correct
10 copy of the May 8, 2020, check to Paige Powers is attached hereto and incorporated
11 herein as Exhibit 43.

13 56. From January 1, 2020, through March 31, 2020, Wykanush sold
14 \$677,936.41 worth of its products to OLCC licensed companies for resale. However, only
15 \$577,269.61 was deposited into Wykanush's MAPS account, its only bank account, or
16 deposited in Wykanush's petty cash. Karstan was the sole person in charge of receiving
17 sales payments, recording the payments, and depositing payments into Wykanush's
18 MAPS account.

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1 57. From August 1, 2020, through September 30, 2020, Wykanush sold
2 \$632,313.80 worth of its products to OLCC licensed companies for resale. However, only
3 \$598,958.80 was deposited into Wykanush's MAPS account, its only bank account, and
4 no cash was retained for Wykanush's petty cash. Karstan was the sole person in charge
5 of receiving sales payments, recording the payments, and depositing payments into
6 Wykanush's MAPS account.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

11 Executed in Vero Beach, Florida on December 19, 2022.

Laszlo Bag

CERTIFICATE OF SERVICE

I certify that on the date set forth below I caused to be served a true and correct copy of DECLARATION OF LASZLO BAGI IN SUPPORT OF PLAINTIFFS' MOTION FOR DEFAULT JUDGMENT on:

Karstan Walker
12801 NE 13th Ave.
Vancouver, WA 98685-3110

Pro Se Defendant

By the following method(s):

- by **mailing** a full, true, and correct copy in a sealed, first-class postage-prepaid envelope, addressed to all parties listed above.
- by **electronic service** by filing and serving a full, true, and correct copy to the person listed above via CM/ECF, the Western District of Washington's electronic filing system.

DATED: December 19, 2022

/s/ Allison C. Bizzano
Allison C. Bizzano, WSBA 45809
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